

AMENDED IN ASSEMBLY JULY 15, 2003

AMENDED IN ASSEMBLY JULY 3, 2003

**SENATE BILL**

**No. 965**

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**Introduced by Senator Aanestad**

(Coauthors: Assembly Members Cohn, Dutton, Mountjoy, and Parra)

February 21, 2003

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An act to ~~amend Section 33334.3~~ *add and repeal Section 33334.29* of the Health and Safety Code, and to amend Section 1011 of the Military and Veterans Code, relating to veterans, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 965, as amended, Aanestad. Veterans' Home of California.

(1) The Community Redevelopment Law generally requires redevelopment agencies to use not less than 20% of all tax revenue allocated to the agency for low- and moderate-income housing and requires funds to be used for this purpose to be held in the Low and Moderate Income Housing Fund. The law requires all new or substantially rehabilitated housing developed or otherwise assisted with moneys from the fund, pursuant to a specified agreement, to be subject to specified requirements.

*This bill would ~~provide an exception for veterans' homes, as described in (2) below, from the above described requirements~~ authorize the redevelopment agency for the City of Redding to use any funds not deposited or required to be deposited in the agency's Low and Moderate Income Housing Fund to purchase properties located within one mile of a project area for the purpose of transferring that land to the state to construct and operate a veterans' home. It would also*

*authorize the agency to provide a loan from its Low and Moderate Income Housing Fund for these purposes, subject to specified conditions.*

(2) Existing law provides for the establishment and operation of the Veterans' Home of California at various sites for aged and disabled veterans who meet certain eligibility criteria.

This bill would require, at each home or home site, an administrator recommended by the Secretary of Veterans Affairs and appointed by the Governor, as specified. The bill would also make technical, nonsubstantive changes to that provision.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 33334.3 of the Health and Safety Code~~  
2     *SECTION 1. The Legislature finds and declares all of the*  
3     *following:*  
4     *(a) That the construction of a new veterans' home in Shasta*  
5     *County is an economic contributor to Shasta County and the state*  
6     *whereby skilled jobs are created and maintained by the*  
7     *construction and operation of the home.*  
8     *(b) There is an established need for a veterans' home located*  
9     *in Shasta County to serve a population over a 12 county area. The*  
10    *construction of a veterans' home located in Shasta County,*  
11    *specifically in the City of Redding, and within one mile of an*  
12    *existing project area will address conditions of economic hardship*  
13    *and address blight within Redding.*  
14    *(c) Due to the limited availability of federal matching funds, it*  
15    *is in the state's interest to secure a qualified site within Shasta*  
16    *County by August 15, 2003, and that the use of redevelopment*  
17    *funds is an appropriate use.*  
18    *SEC. 2. Section 33334.29 is added to the Health and Safety*  
19    *Code, to read:*  
20    *33334.29. (a) The redevelopment agency for the City of*  
21    *Redding may use any funds not deposited or required to be*  
22    *deposited in the agency's Low and Moderate Income Housing*  
23    *Fund to purchase properties located within one mile of a project*

1 area for the purpose of transferring that land to the state to  
2 construct and operate a veterans' home. The Legislature finds and  
3 declares that the use of these funds shall be deemed to be a benefit  
4 to the project area in which those funds were generated.

5 (b) The redevelopment agency for the City of Redding may  
6 provide a loan from its Low and Moderate Income Housing Fund  
7 for the purposes described in subdivision (a) subject to the  
8 following conditions:

9 (1) The agency makes findings and declarations that all other  
10 funds including future tax increment is committed and necessary  
11 to pay debt incurred prior to \_\_\_\_.

12 (2) The loan from the Low and Moderate Income Housing Fund  
13 shall be repaid beginning in \_\_\_\_ and to be paid back annually at  
14 \_\_\_\_ percent interest by January 1, 2008.

15 (c) If the agency for the City of Redding uses any funds from the  
16 Low and Moderate Income Housing Fund, the agency shall be  
17 subject to an audit by the Controller to determine that all other  
18 funds and tax increment were obligated to the repayment of debt.

19 (d) This section shall remain in effect only until January 1,  
20 2008, and as of that date is repealed, unless a later enacted statute,  
21 that is enacted before January 1, 2008, deletes or extends that date.  
22 is amended to read:

23 ~~33334.3. (a) The funds that are required by Section 33334.2~~  
24 ~~or 33334.6 to be used for the purposes of increasing and improving~~  
25 ~~the community's supply of low- and moderate-income housing~~  
26 ~~shall be held in a separate Low and Moderate Income Housing~~  
27 ~~Fund until used.~~

28 ~~(b) Any interest earned by the Low and Moderate Income~~  
29 ~~Housing Fund and any repayments or other income to the agency~~  
30 ~~for loans, advances, or grants, of any kind from the Low and~~  
31 ~~Moderate Income Housing Fund, shall accrue to and be deposited~~  
32 ~~in, the fund and may only be used in the manner prescribed for the~~  
33 ~~Low and Moderate Income Housing Fund.~~

34 ~~(c) The moneys in the Low and Moderate Income Housing~~  
35 ~~Fund shall be used to increase, improve, and preserve the supply~~  
36 ~~of low- and moderate-income housing within the territorial~~  
37 ~~jurisdiction of the agency.~~

38 ~~(d) It is the intent of the Legislature that the Low and Moderate~~  
39 ~~Income Housing Fund be used to the maximum extent possible to~~  
40 ~~defray the costs of production, improvement, and preservation of~~

~~low- and moderate-income housing and that the amount of money spent for planning and general administrative activities associated with the development, improvement, and preservation of that housing not be disproportionate to the amount actually spent for the costs of production, improvement, or preservation of that housing. The agency shall determine annually that the planning and administrative expenses are necessary for the production, improvement, or preservation of low- and moderate-income housing.~~

~~(c) (1) Planning and general administrative costs which may be paid with moneys from the Low and Moderate Income Housing Fund are those expenses incurred by the agency which are directly related to the programs and activities authorized under subdivision (c) of Section 33334.2 and are limited to the following:~~

~~(A) Costs incurred for salaries, wages, and related costs of the agency's staff or for services provided through interagency agreements, and agreements with contractors, including usual indirect costs related thereto.~~

~~(B) Costs incurred by a nonprofit corporation which are not directly attributable to a specific project.~~

~~(2) Legal, architectural, and engineering costs and other salaries, wages, and costs directly related to the planning and execution of a specific project which are authorized under subdivision (c) of Section 33334.2 and which are incurred by a nonprofit housing sponsor are not planning and administrative costs for the purposes of this section, but are instead project costs.~~

~~(f) (1) The requirements of this subdivision apply to all new or substantially rehabilitated housing units, except for a veterans' home, as provided for in Division 5 (commencing with Section 4010) of the Military and Veterans Code, developed or otherwise assisted, with moneys from the Low and Moderate Income Housing Fund, pursuant to an agreement approved by an agency on or after January 1, 1988. Except to the extent a longer period of time may be required by other provisions of law, the agency shall require that housing units subject to this subdivision shall remain available at affordable housing cost to, and occupied by, persons and families of low or moderate income and very low income and extremely low income households for the longest feasible time, but for not less than the following periods of time:~~

1     ~~(A) Fifty-five years for rental units. However, the agency may~~  
2 ~~replace rental units with equally affordable and comparable rental~~  
3 ~~units in another location within the community if (A) the~~  
4 ~~replacement units are available for occupancy prior to the~~  
5 ~~displacement of any persons and families of low or moderate~~  
6 ~~income residing in the units to be replaced and (B) the comparable~~  
7 ~~replacement units are not developed with moneys from the Low~~  
8 ~~and Moderate Income Housing Fund.~~

9     ~~(B) Forty-five years for owner-occupied units. However, the~~  
10 ~~agency may permit sales of owner-occupied units prior to the~~  
11 ~~expiration of the 45-year period for a price in excess of that~~  
12 ~~otherwise permitted under this subdivision pursuant to an adopted~~  
13 ~~program which protects the agency's investment of moneys from~~  
14 ~~the Low and Moderate Income Housing Fund, including, but not~~  
15 ~~limited to, an equity sharing program which establishes a schedule~~  
16 ~~of equity sharing that permits retention by the seller of a portion~~  
17 ~~of those excess proceeds based on the length of occupancy. The~~  
18 ~~remainder of the excess proceeds of the sale shall be allocated to~~  
19 ~~the agency and deposited in the Low and Moderate Income~~  
20 ~~Housing Fund. Only the units originally assisted by the agency~~  
21 ~~shall be counted towards the agency's obligations under Section~~  
22 ~~33413.~~

23     ~~(C) If land on which those dwelling units are located is deleted~~  
24 ~~from the project area, the agency shall continue to require that~~  
25 ~~those units remain affordable as specified in this subdivision.~~

26     ~~(2) The agency shall require the recording in the office of the~~  
27 ~~county recorder of covenants or restrictions implementing this~~  
28 ~~subdivision for each parcel or unit of real property subject to this~~  
29 ~~subdivision. Notwithstanding any other provision of law, the~~  
30 ~~covenants or restrictions shall run with the land and shall be~~  
31 ~~enforceable, against the original owner and successors in interest,~~  
32 ~~by the agency or the community.~~

33     ~~(g) "Housing," as used in this section, includes residential~~  
34 ~~hotels, as defined in subdivision (k) of Section 37912 and~~  
35 ~~veterans' homes, as provided for in Division 5 (commencing with~~  
36 ~~Section 1010) of the Military and Veterans Code. The definitions~~  
37 ~~of "lower income households," "very low income households,"~~  
38 ~~and "extremely low income households" in Sections 50079.5,~~  
39 ~~50105, and 50106 shall apply to this section. "Longest feasible~~

1 ~~time,” as used in this section, includes, but is not limited to,~~  
2 ~~unlimited duration.~~

3 ~~(h) “Increasing, improving, and preserving the community’s~~  
4 ~~supply of low and moderate income housing,” as used in this~~  
5 ~~section and in Section 33334.2, includes the preservation of rental~~  
6 ~~housing units assisted by federal, state, or local government on the~~  
7 ~~condition that units remain affordable to, and occupied by, low-~~  
8 ~~and moderate-income households, including extremely low and~~  
9 ~~very low income households, for the longest feasible time, but not~~  
10 ~~less than 55 years, beyond the date the subsidies and use~~  
11 ~~restrictions could be terminated and the assisted housing units~~  
12 ~~converted to market rate rentals. In preserving these units the~~  
13 ~~agency shall require that the units remain affordable to, and~~  
14 ~~occupied by, persons and families of low and moderate income~~  
15 ~~and extremely low and very low income households for the longest~~  
16 ~~feasible time but not less than 55 years. However, the agency may~~  
17 ~~replace rental units with equally affordable and comparable rental~~  
18 ~~units in another location within the community if (1) the~~  
19 ~~replacement units in another location are available for occupancy~~  
20 ~~prior to the displacement of any persons and families of low or~~  
21 ~~moderate income residing in the units to be replaced and (2) the~~  
22 ~~comparable replacement units are not developed with moneys~~  
23 ~~from the Low and Moderate Income Housing Fund.~~

24 ~~(i) Agencies that have more than one project area may satisfy~~  
25 ~~the requirements of Sections 33334.2 and 33334.6 and of this~~  
26 ~~section by allocating, in any fiscal year, less than 20 percent in one~~  
27 ~~project area, if the difference between the amount allocated and the~~  
28 ~~20 percent required is instead allocated, in that same fiscal year, to~~  
29 ~~the Low and Moderate Income Housing Fund from tax increment~~  
30 ~~revenues from other project areas. Prior to allocating funds~~  
31 ~~pursuant to this subdivision, the agency shall make the finding~~  
32 ~~required by subdivision (g) of Section 33334.2.~~

33 ~~(j) Funds from the Low and Moderate Income Housing Fund~~  
34 ~~shall not be used to the extent that other reasonable means of~~  
35 ~~private or commercial financing of the new or substantially~~  
36 ~~rehabilitated units at the same level of affordability and quantity~~  
37 ~~are reasonably available to the agency or to the owner of the units.~~  
38 ~~Prior to the expenditure of funds from the Low and Moderate~~  
39 ~~Income Housing Fund for new or substantially rehabilitated~~  
40 ~~housing units, where those funds will exceed 50 percent of the cost~~

1 of producing the units, the agency shall find, based on substantial  
2 evidence, that the use of the funds is necessary because the agency  
3 or owner of the units has made a good faith attempt but has been  
4 unable to obtain commercial or private means of financing the  
5 units at the same level of affordability and quantity.

6 ~~SEC. 2.~~

7 SEC. 3. Section 1011 of the Military and Veterans Code is  
8 amended to read:

9 1011. (a) There is in the department a Veterans' Home of  
10 California, Yountville, situated at Veterans' Home, Napa County.

11 (b) (1) The department may establish and construct a second  
12 home that shall be situated in the County of Imperial, Los Angeles,  
13 Orange, Riverside, San Bernardino, San Diego, or Ventura. The  
14 home may be located on one or more sites. The department shall  
15 operate the second home concurrently with the first home.

16 (2) The initial site is the Veterans' Home of California,  
17 Barstow, situated in Barstow, San Bernardino County. That site  
18 may provide skilled nursing care for up to 250 residents.

19 (3) When completed, the second site shall be the Veterans'  
20 Home of California, Chula Vista, situated in Chula Vista, San  
21 Diego County, pursuant to the recommendations made by the  
22 commission established pursuant to former Section 1011.5.

23 (4) When completed, the third site shall be the Veterans' Home  
24 of California, Lancaster, situated in Lancaster, Los Angeles  
25 County, pursuant to the recommendations made by the  
26 commission established pursuant to former Section 1011.5.

27 (5) When completed, the fourth site shall be the Veterans'  
28 Home of California, Ventura, situated in the community of  
29 Saticoy, Ventura County.

30 (6) There shall be an administrator for, and located at, each site  
31 of the southern California home.

32 (7) The department may complete any preapplication process  
33 necessary with the United States Department of Veterans Affairs  
34 for construction of the second home.

35 (c) The Legislature hereby finds and declares that the second  
36 home is a new state function. The department may perform any or  
37 all work in operating the second home by independent contractors,  
38 except the overall administration and management of the home.  
39 Any and all actions of the department taken before September 17,  
40 1996, that are consistent with this subdivision are hereby ratified



1 and confirmed, it having at all times been the intent of the  
2 Legislature that the department be so authorized.

3 (d) There shall be an administrator for each home or homesite,  
4 who shall be recommended by the Secretary of Veterans Affairs  
5 and appointed by the Governor, and shall be located at that home  
6 or homesite. The salary for each administrator shall be subject to  
7 the approval of the Department of Personnel Administration.

8 ~~SEC. 3.—~~

9 *SEC. 4.* This act is an urgency statute necessary for the  
10 immediate preservation of the public peace, health, or safety  
11 within the meaning of Article IV of the Constitution and shall go  
12 into immediate effect. The facts constituting the necessity are:

13 In order to construct new veterans homes as soon as possible, it  
14 is necessary that this bill take effect immediately.

